

**IN THE HIGH COURT OF JUDICATURE, ANDHRA PRADESH  
AT HYDERABAD**

**HON'BLE Mr. JUSTICE R. SUBHASH REDDY**

**Writ Petition No.28835 of 1997**

-  
**Dated: March 28, 2007**  
-  
-

**Between:**

Deekonda Vijaya, W/o. Syamsundar, Hindu, aged about  
31 years, Business, R/o.6-4-210, Gandhi Road, Karimnagar,  
and another.

... Petitioners

And

The Andhra Pradesh State Financial Corporation,  
Opp: Collector Office Complex, Karimnagar,  
Represented by its Branch Manager, and another.

... Respondents

**Order:**

Petitioners seek Writ of Mandamus to declare the action of the first respondent in conducting auction in respect of property of petitioners, pursuant to the sale notice dated 08-02-1997, and also the sale held on 15-04-1977, as arbitrary and illegal.

2. Petitioners, who are partners, with intent to establish a rice mill in Arnakonda village, Choppadandi Mandal, obtained loan from the first

respondent. In the affidavit filed in support of the Writ Petition, it is stated that the first respondent sanctioned an amount of Rs.6,08,000/- in the name of M/s. Sai Modern Rice Mill, a registered Partnership Concern, and as per the terms of the agreement, the said amount has to be repaid in 14 half-yearly installments, commencing from 20-03-1989 to 23-11-1989. Apart from the aforesaid term loan of Rs.6,08,000/-, the first respondent sanctioned Special Capital Assistance of Rs.1,36,000/- under S.C. Component Plan to meet part of the acquisition of the cost of land, buildings, plant and machinery to enable petitioners to set up a Rice Mill of one-ton-per-hour capacity. Thereafter, petitioners constructed the Rice Mill in Sy.No.660/A, in an extent of Ac.0.20 guntas in Arnakonda village and the same was mortgaged to the first respondent. It is stated that petitioners have also purchased Ac.1.00 guntas in the same survey number wherein they have constructed quarters for labour with asbestos sheets and the same was not mortgaged to the first respondent. On the ground that petitioners have defaulted in paying installments and accrued interest thereon, steps have been taken under the provisions of Section 29 of the A.P. State Financial Corporation Act and the hypothecated/mortgaged property of the petitioners was sold.

3. The only contention put forth by the learned counsel for petitioners is that the Rice Mill was established only in an extent of Ac.0.20 guntas, which was mortgaged to the first respondent and the remaining extent of Ac.1.00 guntas, which was subsequently purchased by the petitioners, was not mortgaged to the first respondent. In spite of the same, first respondent has sold the entire extent of Ac.1.20 guntas and handed over the same to the second respondent.

4. First respondent has filed counter affidavit admitting that Ac.1.00 guntas of land belonging to the petitioners was not mortgaged with it. It is stated that it had sold only an extent of Ac.0.20 guntas of land in which the Rice Mill was constructed and which was mortgaged with it.

5. Learned Standing Counsel appearing for the A.P. State Financial Corporation has produced a copy of the Sale Deed by which the immovable properties mortgaged by the petitioners mentioned in the schedule therein were sold to one T. Anjaiah, proprietor of M/s. Vasavi Industries in the auction. A perusal of the schedule annexed thereto makes it clear that the property mortgaged by the petitioners to the first respondent, i.e. rice mill constructed in an extent of Ac.0.20 guntas was only sold and not the whole extent of Ac.1.20 guntas of land, as alleged by the petitioner. Ac.1.00 guntas of land that the petitioners allege to have been sold by the first respondent is nowhere shown in the schedule. Apart from the amount realized from the sale proceedings, there is still balance amount of Rs.2,94,519/- due from the petitioners and subsequent to filing of the Writ Petition, petitioner is stated to have requested the respondents to settle the account on One Time Settlement basis and submitted proposals on 22-09-2003. Accepting the proposals of the petitioners, the loan account was closed by issuing proceedings dated 24-11-2003.

6. As much as it is evident from the schedule referred above that only Ac.0.20 guntas of land, which was mortgaged by the petitioners to the first respondent, has been sold, there is no basis for the allegation of the petitioner that respondents have sold the extent of Ac.1.00 guntas of land also, which is, undisputedly, not mortgaged. In view of the fact that petitioners themselves have requested the respondents to settle the account by way of One-time Settlement, and respondents

have also issued proceedings dated 24-11-2003, accepting such proposals, petitioners cannot question the sale conducted by the respondents, at this stage. As no other argument has been advanced by the learned counsel for the petitioner, I do not find any ground to interfere with the sale of the mortgaged property.

7. The Writ Petition is devoid of merits and is accordingly dismissed. No costs.

---

**JUSTICE R. SUBHASH REDDY.**

March 28, 2007

**MRR**